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FISCAL IMPACT STATEMENT

LS 6914

BILL NUMBER: HB 1343

NOTE PREPARED: Feb 3, 2014

BILL AMENDED:

SUBJECT: Motor Driven Cycles.

FIRST AUTHOR: Rep. Wolkins

FIRST SPONSOR: Sen. Buck

BILL STATUS: As Passed House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

- (1) Repeals expired provisions concerning the interim study of motorized bicycles.
- (2) Defines "Class A motor driven cycle", "Class B motor driven cycle", and "motor driven cycle".
- (3) Repeals the definitions of "motor scooter" and "motorized bicycle".
- (4) Provides that the county motor vehicle excise surtax and the motor vehicle excise tax apply to motor driven cycles.
- (5) Requires motor driven cycles to be registered with the Bureau of Motor Vehicles (BMV).
- (6) Excludes motor driven cycles from titling requirements.
- (7) Requires a license plate to be displayed on a motor driven cycle.
- (8) Provides that certain equipment requirements and traffic regulations apply to motor driven cycles.
- (9) Requires an individual who operates a Class A motor driven cycle to hold a valid driver's license with a motorcycle endorsement or a motorcycle endorsement with a Class A motor driven cycle restriction and to provide proof of financial responsibility.
- (10) Requires an individual who operates a Class B motor driven cycle to hold an unexpired identification card with a Class B motor driven cycle endorsement or a valid driver's license.
- (11) Provides that a motor driven cycle may not be operated on an interstate highway.
- (12) Provides that the operation of a Class B motor driven cycle may be a defense to certain motor vehicle offenses.
- (13) Excludes motor driven cycles from:
 - (A) the definition of "motorized cart" for purposes of certain natural resource laws; and
 - (B) certain motor vehicle protection laws.
- (14) Makes technical corrections and reconciles a conflict with HEA 1006-2013 and other criminal law bills

enacted in the 2013 legislative session.

Effective Date: January 1, 2015.

Explanation of State Expenditures: *Summary:* The maximum increase in BMV expenditures to offer a Class A and B motor driven cycle endorsement and special examination for Class B motor driven cycle operation are reported to be \$70,000 in one-time costs.

Additional Information: The bill creates two categories of motor driven cycles: Class A and Class B. The main differences between the two types of registrations are summarized in the table below.

Motor Driven Cycle Class	Requirements for Operation
Class A	(1) Pass motorcycle examination. (2) Possess current operator credentials. (3) Registration required. (4) Subject to excise tax. (5) Financial responsibility required.
Class B	(1) Pass special examination designed by the BMV. (2) Possess a minimum of an ID card and be 15 years of age. (3) No passengers allowed on vehicle. (4) Can be registered with the BMV.

The BMV will be required to design a special examination for Class B motor driven cycle operation. The BMV reports a portion of questions from the current exam will be used to create an abbreviated exam for Class B motor driven cycle operators. If these questions are included in a written test, there would be minimal cost increases. However, if the new exam is added to the computer-generated testing system, the BMV could experience additional one-time contracting costs of an estimated \$25,000.

The BMV will also be required to change the current ID card and operator's license format to include an endorsement for Class A and B motor driven cycle operation. The BMV reports they can currently issue a Class A endorsement on current operator's licenses that would be similar to the endorsement for a three-wheeled motorcycle. Providing a Class B endorsement on ID cards could increase one-time BMV contracting costs by an estimated \$45,000.

The BMV will likely experience increases in workload to register Class A motor driven cycles and administer examinations to individuals seeking the necessary endorsements to operate motor driven cycles. Increases in workload are expected to be accomplished with existing staffing and resource levels.

Explanation of State Revenues: *Summary:* Based on an estimated 28,100 Class A motor driven cycle registrations, this bill could increase state revenue from vehicle registration fees and motor vehicle excise tax revenue by approximately \$806,000 in CY 2015.

	CY 2015	CY 2016
Registrations	\$712,000	\$732,000
Motor Vehicle Excise Tax	\$94,000	\$94,000
Total	\$806,000	\$826,000

Revenue could exceed these estimates depending on how many individuals request Class A motor driven cycle endorsements. Beginning in CY 2016, annual state revenue could increase by \$826,000, and could be greater depending on annual demand for endorsements to operate motor driven cycles.

Additional Information:

Estimating the Number of Mopeds In The State: The number of motor driven cycles in the state that would register as Class A and Class B motor driven cycles is unknown. However, a total of 56,200 motor driven cycles in the state that could be operated by individuals who would seek operation endorsements. This is estimated, based on 223,534 motorcycles being registered with BMV in FY 2012. Using four years of data reported by the Criminal Justice Institute (CJI), an annual average of 2,661 crashes involved motorcycles and 764 crashes involved motor driven cycles. Because the crash data reported by the CJI potentially includes a disproportionate number of accidents involving younger, more inexperienced operators, the ratio of motor driven cycles accidents to those of motorcycles was adjusted to result in the estimated number of motor driven cycles subject to registration.

Moped Registration: The fee for a new motorcycle registration is \$25.35 and for a renewal registration is \$26.05. Fees for new and renewal motorcycle registrations are distributed exactly the same, with the exception of the BMV Commission receiving \$4.30 for new registrations and \$5.00 for renewal registrations.

If half of the estimated 56,200 motor driven cycles are registered as Class A motor driven cycles, state revenue could increase by approximately \$712,000 in the first year (new registrations) and by approximately \$732,000 in years thereafter (renewal registrations).

The funds affected are the MVHA, the State Police Building Fund, the Motorcycle Operator Safety Education Fund, the Crossroads 2000 Fund, the BMV Technology Fund, the Anti-Terrorism Fund, and the Bureau of Motor Vehicles Commission (supported by the state License Branch Fund) as shown in the table below.

Distribution of Registration Fee for New Motorcycles	Fee	Estimated Revenue (For 56,200 Registrations)
Motor Vehicle Highway Account (MVHA)	\$8.75	\$245,875
Public Safety Fee	\$0.25	\$7,025
Motorcycle Operator Safety Education Fund	\$7.00	\$196,700
Crossroads 2000 Fund	\$3.00	\$84,300
BMV Technology Fund	\$0.50	\$14,050
Anti-Terrorism	\$1.25	\$35,125
Bureau of Motor Vehicles Commission (BMVC)	\$4.30	\$120,830
Spinal Cord Brain Injury Fund	\$0.30	\$8,430
TOTAL	\$25.35	\$712,335

Credentials: Individuals who wish to operate motor driven cycles will have to obtain an endorsement on either their ID card (for Class B) or their current operator's credentials (for Class A). Individuals who are of voting age are not required to pay a fee to obtain an ID card. If an individual is not of voting age and requests an ID card with a Class B motor driven cycle endorsement, they would be subject only to the current \$11.50 fee for an ID card.

Individuals who currently maintain operator credentials and wish to receive a Class A motor driven cycle endorsement could be subject to endorsement fees. It is not known how many Class A motor driven cycle operators currently maintain a motorcycle endorsement and thus would not have to obtain a Class A endorsement. The fee for a Class A motor driven cycle would be the same as the fee for a 6-year motorcycle endorsement (\$12). To the extent Class A motor driven cycle operators request an endorsement, state revenue will increase. The table below shows the distribution for the \$12 endorsement fee as well as estimated revenue increases per 1,000 requests.

Fund/Account	6-Year Endorsement Fee	Estimated Revenue
MVHA	\$4.50	\$4,500
Crossroads 2000 Fund	\$1.00	\$1,000
BMV Technology Fund	\$0.50	\$500
BMV Commission Fund	\$6.00	\$6,000
Total	\$12.00	\$12,000

Explanation of Local Expenditures:

Explanation of Local Revenues: *Summary:* This bill could increase local revenue from (1) motor vehicle excise taxes and (2) county motor vehicle excise surtaxes. The following table shows how much annual revenue each tax type would generate for local government units.

Tax Type	Estimated Revenue
Motor Vehicle Excise Tax	\$187,000
County Motor Vehicle Excise Tax Surtax	\$289,000
Total	\$476,000

Additional Information:

Motor Vehicle Excise Tax: Under this bill, motor driven cycles would be subject to a \$10 motor vehicle excise tax. Excise tax could amount to about \$281,000 per year if 28,100 motor driven cycles are registered.

About two-thirds of this additional revenue (\$187,000) would benefit local government units and school corporations, while one-third (\$94,000) would be captured by the state as part of the property tax reform that took effect in 2009.

County Motor Vehicle Excise Tax Surtax: The bill would also subject motor driven cycles to the county excise surtax. Currently, 48 counties impose the surtax. The rate is a flat amount in 33 of those counties, and

it is based on a percentage of the pre-1996 excise tax schedule in the other 15 counties. The minimum surtax in each adopting county is \$7.50.

For this analysis, the estimated 28,100 motor driven cycles were apportioned to each county based on the percentage of statewide motorcycles registered in that county. The surtax generated on motor driven cycles in the adopting counties is estimated to be \$289,000 annually. The excise surtax is distributed to cities, towns, and counties based on the formula for the Local Road and Street Account.

State Agencies Affected: BMV; Secretary of State; State Police; Department of Transportation; Department of State Revenue.

Local Agencies Affected: Recipients of MVHA distributions; various public safety agencies; Local civil taxing units and school corporations.

Information Sources: Cora Steinmetz, BMV; Patrick Price, BMV; Carol Branstetter, BMV; Ryan Klitsch, ICJI; *Traffic Safety Facts, Motorcycles 2012*, Indiana CJI, published May 2013.

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